

**AUDITOR'S REPORT TO THE MEMBERS
OF
NON – RESIDENT NEPALI ASSOCIATION (NRNA)**

1. We have audited the accompanying financial statements of **Non – Resident Nepali Association (NRNA)**, which comprises the Balance Sheet as on Ashad 32, 2071, (July 16, 2014) and the Income & Expenditure accounts, related Schedules and Notes to the accounts for the period (Kartik 04, 2070 to Ashad 32, 2071) then ended.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial Statements in accordance with relevant practices. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to Association's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the Association's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

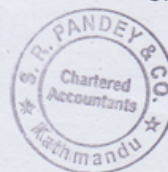
We believe that our audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

4. On the basis of our examination, we would like to report that:
- We have not come across the cases where NRNA is non - compliant of chapter 17 of Income Tax Act 2002, and
 - We have not come across the cases where NRNA had carried any objective contrary to its objective.
5. In our opinion, the accompanying financial statements give a true and fair view, in all material respects the financial position of the **Non – Resident Nepali Association (NRNA)** as at 32nd Ashad, 2071 (16th July 2014), and of the results of its financial performance for the period then ended in accordance with accounting policy adopted by NRNA and relevant practices.

Place: Kathmandu
Date: September 23, 2014

For: S. R. Pandey & Co.
Chartered Accountants



S. R. Pandey
CA. S. R. Pandey
Partner

NON-RESIDENT NEPALI ASSOCIATION
Accounting Policies & Notes to Annual Accounts
For the period ended 32nd Ashad, 2071 (16th July, 2014)

A. Accounting Policies

1. Institutional Information

Non Resident Nepali Association (NRNA) has been registered with Government of Nepal, Ministry of Foreign Affairs on 21st October 2013, as per the decision of Government of Nepal (Ministerial Level) dated 20th October, 2013 pursuant to the Non-Resident Nepali Act, 2007 and the Non-Resident Nepali Rules, 2009. It is registered with Inland Revenue Department with effect from 4th December, 2013 and has obtained tax exemption certificate.

2. Accounting Convention

The Financial Statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) based on accrual of accounting unless specifically mentioned elsewhere.

To the extent of cash basis accounting as prescribed on bylaws, Nepal Public Sector Accounting Standard issued for public sector entities, has been considered.

3. Reporting Currency

The financial statements have been presented using Nepalese Currency Rupees (NPR).

4. Investments

Investments are recognized at their cost value. Any income arising out of the investments are treated as revenue income. In special circumstances where specified income arising out of investments directed are transferred to the respective funds of the association.

5. Foreign Exchange Transactions

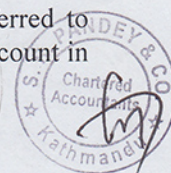
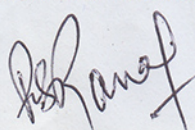
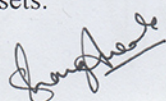
Foreign currency transactions are recognized in functional currency, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of transaction accounting exchange gain/loss.

6. Revenue and Expenses Recognition

Income and expenses are accounted on accrual basis. But the incomes from contribution of National council committee (NCC) & International Conference committee (ICC) Members are accounted on cash basis.

7. Fixed Assets

- i. Fixed Assets have been shown in accordance with historical cost concept.
- ii. Fixed Assets are depreciated at the rates of 10% applying straight line methods on the following manner.
 - Purchase before Poush end – Six-month depreciation will be charged.
 - Purchase after Poush end – No depreciation will be charged.
- iii. An amount equal to the cost of Fixed Assets acquired during the year has been transferred to Capital Reserve Account and depreciation on Fixed Assets is charged to Capital Reserve Account in case of grant assets.



8. Funds

The association can operate the following funds in order to achieve its various objectives:

i. **General Fund**

ICC can establish a General Fund for accounting all the incomes relating to contribution from members, publications, and activities of ICC or NCC as well as all the expenses of the association.

ii. **Social Welfare Fund**

ICC can establish a Social Welfare Fund for humanitarian welfare activities. All the grant amounts contributed by any association, organization, company or individual are accounted in this fund.

iii. **Other Funds**

ICC can establish various other funds as required, for the achievement of objectives of the association.

9. Taxation

The association is a tax exempt entity for the purpose of Income tax under Income Tax Act 2058. So the rate of income tax is nil. Deferred tax are not accounted there are no any temporary difference arising out of normal activities of the association.

10. Employee Benefits

Employee benefits are all forms of consideration given by the association in exchange for service rendered by employees. Currently, the association has been contributing 10% of basic salary of employee to approved retirement fund.

11. Accounting Period

Financial Statements are prepared on based fiscal accounting period of the Nepal Government. Fiscal period means fiscal year adopted by government of Nepal which lies between Mid of July each year.

B. Notes to Accounts

1. Fixed Deposit of **Rs.32,51,078.99** and **Rs.2,10,00,000.00** have been opened in Sanima Bank Ltd. in 16th May, 2014 and 5th March, 2014 from Endowment Fund and Sanima Bank account- NRNA respectively for a period of 365 days. Quarterly interest received from the fixed deposit is duly transferred to Endowment Fund A/c.
2. Total surplus up to 32-3-2071 is **Rs. 26,308,942.43** out of which **Rs. 256,787.00** is transferred to Foreign Employment Fund. Net surplus transferred to balance sheet is **Rs. 26,052,155.43**
3. NRNA had collected for the 6th Global Conference 2013 **Rs. 19,296,377.83** and made expenses of **Rs. 11,218,438.41** during the year 2013 which had been accounted and reported in earlier periods except the expenditures amounting **Rs. 1,981,980** as they have been incurred and accounted during the year.
4. The association has written off some of the receivables and payables/provisions during the period and net balance amounting to **Rs. 2,362,905.13** has been shown in the Income and Statement Account as shown below:



Details	Amount (Nrs.)
Receivables written off:	
Advance to Devghat Bridashram Project	70,047.31
5th Global Conference Souvenir Ad. Receivable	20,000.00
Nepal Government Support to 5th Global Conference	3,000,000.00
Total Receivable Written off (A)	3,090,047.31
Payables/Provisions written off:	
6th Regional Conference (Russia) Payable	74,860.00
7th Regional Conference Payable	419,965.00
3rd AP Meet Payable	212,317.00
Provision for NRN Day, 2012	20,000.18
Total Payable written off (B)	727,142.18
Net Written off balance Shown in Income and statement account (A-B)	2,362,905.13

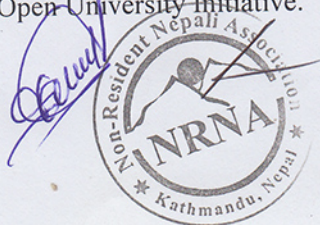
5. The association has received interest from various banks and transferred to the specific funds as shown below:

Details	Interest Income Nrs.	Transferred Nrs.	Net Interest Income Nrs.
Interest for NRNA Charity Fund			
Bank of Kathmandu	188,379.40	188,379.40	-
Sanima Bank	58,100.01	58,100.01	-
Interest from Bank NRNA			
Bank Of Kathmandu	22,353.16		22,353.16
Sanima NRNA	603,910.68		603,910.68
Interest for NRNA Endowment Fund (Sanima Bank)	210,101.53	210,101.53	-
Interest for OUN Fund (Sanima Bank)	45,065.92	45,065.92	-
Interest for Women Welfare Fund (Sanima Bank)	1,560.36	1,560.36	-
Interest for NRNA Secretariat(Sanima Bank)	350,235.46		350,235.46
Interest for FERF(MBL)	34,471.19	34,471.19	-
Interest for NRNA Building Fund (BOK)	93,741.57	93,741.57	-
Interest for Emergency Fund (Sanima Bank)	79,179.07	79,179.07	-
Total	1,628,998.34	652,499.04	976,499.30

6. The association has provided advance amounting Rs. 100,000 for various interaction and promotional programs, which is yet to be settled in the name of Open University Initiative.

Singhale

Asharaf



Non-Resident Nepali Association

Kathmandu, Nepal

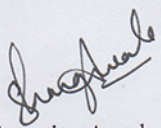
Balance Sheet

As on 32nd Asadh, 2071 (16th July, 2014)

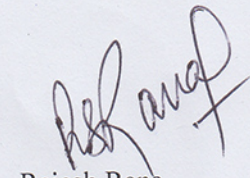
(Amount in NPR)

Assets	Sch	32/03/2071
Current Assets		
Cash and Bank Balances	2	46,034,668.99
Advance, Receivables and Deposits	5	2,920,538.68
Total Current Assets		48,955,207.67
Invesments	4	24,251,078.99
Fixed Assets		
Office Equipments/Furniture	3	1,284,499.00
Less: Depreciation		652,346.34
Net Fixed Assets		632,152.66
Total Assets		73,838,439.32
		32/03/2071
Liabilities and funds		
Funds and Surplus		
Funds	1	47,200,793.04
Capital Reserve (For Grant Assets)		45,736.44
Surplus		26,052,155.43
Total Fund and Non- Current Liabilities		73,298,684.90
Current Liabilities		
Accounts Payables	6	539,379.42
Withholding Tax Payable		375.00
Total Current Liabilities		539,754.42
Total Funds and Liabilites		73,838,439.32

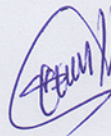
As per our report of even date
For: S.R. Pandey & Co.
Chartered Accountants



Shangita Awale
Asst. Director
NRNA



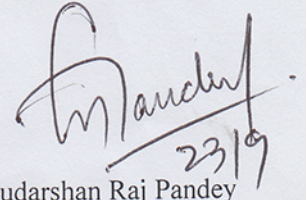
Rajesh Rana
Executive Director
NRNA



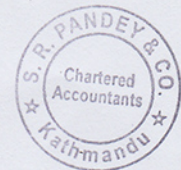
Badri KC
Treasurer
NRNA-ICC



Shesh Ghale
President
NRNA-ICC


23/7

CA Sudarshan Raj Pandey
Partner



Date:

Place: Kathmandu

Non-Resident Nepali Association

Kathmandu, Nepal

Income and Expenditure Account

For the period 4/7/2070 to 32/3/2071 (21/10/2013 to 16/7/2014)

(Amount in NPR)

Income	Sch	32/03/2071
ICC Member Contribution		4,235,673.56
NCC Member Contribution		4,416,482.60
Interest from Banks		976,499.30
Total Income		9,628,655.46
Expenditures		
Administrative and Operational Expenses	7	3,065,364.17
6th Global Conference		1,981,980.00
Loss on Disposal of Assets/Written off		6,650.00
Depreciation	3	74,442.00
Balances Written off (net)		2,362,905.13
Total expenditure		7,491,341.30
Surplus/(Deficit) of the Year		2,137,314.16
Surplus at the Beginning		24,171,628.27
		26,308,942.43
Less: Transfer to Foreign Employment Fund		256,787.00
Total Surplus Carried to Balance Sheet		26,052,155.43

As per our report of even date

For: S.R. Pandey & Co.

Chartered Accountants

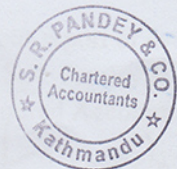
Shangita Awale
Asst. Director
NRNA

Rajesh Rana
Executive Director
NRNA

Badri KC
Treasurer
NRNA -ICC

Shesh Ghale
President
NRNA-ICC

CA Sudarshan Raj Pandey
Partner



Date:

Place: Kathmandu

Non-Resident Nepali Association

Kathmandu, Nepal

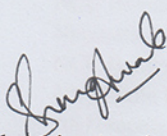
Cash Flow Statement

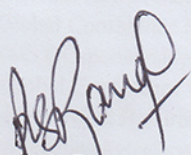
For the period 4/7/2070 to 32/3/2071 (21/10/2013 to 16/7/2014)


(Amount in NPR)



Particulars	32/03/2071
Cash flow from operation activities:	
Surplus/(Deficit) of the year	2,137,314.16
Adjustment of non cash expenses:	
Add: Deprecation	74,442.00
Add: Loss on Disposal of Fixed Assets	6,650.00
Operating cash before Working Capital changes	2,218,406.16
Cash flow from change working capital	
(Increased)/Decreased in current assets	3,485,013.72
Increased/(Decreased) in current liabilities	(221,032.17)
A. Net cash Flow from operating activities	5,482,387.71
Cash flow from investing activities:	
Purchase of fixed assets	(26,300.00)
Decrease/(Increase) in investment	(21,230,763.32)
B. Net Cash flow from investing activities	(21,257,063.32)
Cash flows from financing activities:	
Funds Collected	32,381,351.81
C. Net Cash flows from financing activities	32,381,351.81
Net change in cash (A+B+C)	16,606,676.20
Opening Cash and Bank balance	29,427,992.79
Closing Balance	46,034,668.99

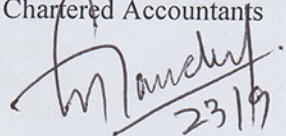
As per our report of even date
For: S.R. Pandey & Co.
Chartered Accountants


Shangita Awale
Asst. Director
NRNA

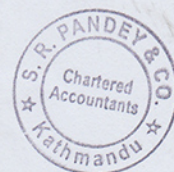

Rajesh Rana
Executive Director
NRNA


Badri KC
Treasurer
NRNA -ICC



Shresh Ghale
President
NRNA-ICC


CA Sudarshan Raj Pandey
Partner

Date:
Place: Kathmandu



Non-Resident Nepali Association
Kathmandu, Nepal

Schedules to and forming part of financial statement as at 32nd Asadh, 2071

SCHEDULE - 1

32/3/2071

FUNDS & SURPLUS

NRNA Endowment Fund	3,306,089.96
NRNA Open University Fund	1,200,868.00
NRNA Emergency Fund	3,733,663.51
NRNA Building Fund	20,217,593.07
NRNA Charity Fund	7,704,369.98
NRNA Foreign Employment Relief Fund	10,034,471.19
NRNA Foreign Employment Fund	783,376.97
Women Welfare Fund	220,360.36
TOTAL NPR	<u>47,200,793.04</u>

SCHEDULE-2

CASH & BANKS

Sanima Bank Ltd.,(NRNA Regular)	3,160,298.00
Sanima Bank Ltd.,(NRNA Secretariat)	2,744,479.97
Sanima Bank Ltd., (NRNA Emergency Fund)	3,840.48
Sanima Bank Ltd.,(NRNA Endowment Fund)	55,010.97
Sanima Bank Ltd.,(NRNA Open University Fund)	1,100,868.00
Bank of Kathmandu (NRNA Charity Fund)	8,487,746.95
Bank of Kathmandu(NRNA Building Fund)	20,217,593.07
Machhapuchchhre Bank (Foreign Employment Relief Fund)	10,034,471.19
Sanima Bank Ltd.(Women Welfare Fund)	220,360.36
Petty Cash	10,000.00
TOTAL NPR	<u>46,034,668.99</u>

SCHEDULE -4

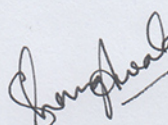
INVESTMENTS

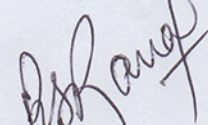
Fixed Deposit-Sanima Bank Ltd.,(NRNA Regular)	21,000,000.00
Fixed Deposit-Sanima Bank Ltd.,(NRNA Endowment Fund)	3,251,078.99
TOTAL NPR	<u>24,251,078.99</u>

SCHEDULE -5

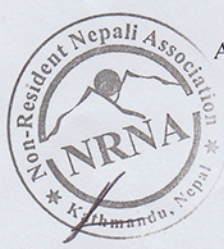
ADVANCE, RECEIVABLES & DEPOSITS

Nepal Telecom(Telephone Line Deposit)	5,000.00
Civil Homes(5th Global Conference Sponsorship)	1,284,268.00
Pacific College (5th Global Conference Sponsorship)	175,000.00
NCC Bharain(5th Global Conference Sponsorship)	35,000.00
Narendra Ranabhat(6th GCsponsorship Receivable)	100,000.00
NCC Baharain(6th Global Conference Sponsorship Receivable)	50,000.00
4th Middle East Regional Meet Baharain receivable	431,729.00
7th European Regional Meeting Barcelona receivable	110,155.00
Pramod Dhakal (Open University TF Advance)	100,000.00
FNCCI	112,177.68
Receivable-Media TF	50,000.00
Receivable-CNC/DC TF	333,759.00
Receivable-PONA TF	133,450.00
TOTAL NPR	<u>2,920,538.68</u>


Shangita Awale
Asst. Director
NRNA

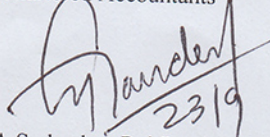

Rajesh Rana,
Executive Director
NRNA

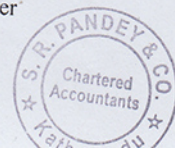

Badri KC
Treasurer
NRNA



Shesh Ghale
President
NRNA

As per our report of even date
For S.R. Pandey & Co.
Chartered Accountants


CA Sudarshan Raj Pandey
Partner



Date:
Place: Kathmandu

Non-Resident Nepali Association
Kathmandu, Nepal

Schedules to and forming part of financial statement as at 32nd Asadh, 2071

32/3/2071

SCHEDULE - 6

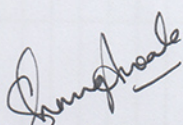
ACCOUNTS PAYABLE & PROVISIONS

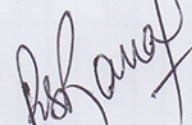
6th Regional Conference (Russia) Payable	-
7th Regional Conference Payable	-
Audit Fee Payable	27,875.00
Other Service Fee Payable	11,504.42
Rastria Pragya Pratisthan(6th Global Conference Payable)	500,000.00 ✓
TOTAL NPR	<u>539,379.42</u>


SCHEDULE - 7


ADMINISTRATIVE AND OPERATIONAL EXPENSES

Remuneration Expenses	1,898,635.00
Media Committee Expenses	289,884.75
Office Operation Expenses	116,205.00
Audit Fee	28,250.00
Communication, Media and Publication	30,896.00
Fuel and Conveneyance	118,584.00
Repair and Maintenance	17,390.00
Delivery and Courier Charges	13,678.00
Service Fees	64,831.42
Travelling & Daily Allowance	42,830.00
Printing & Stationaries	55,345.00
Promotion Expenses	24,540.00
Grant/Support	10,000.00
Miscellaneous Expenses	70,413.00
Website Development Expenses	197,750.00
Uterine Prolapse Task Force Expenses	47,850.00
Meeting and Program Expenses	38,282.00
TOTAL NPR	<u>3,065,364.17</u>

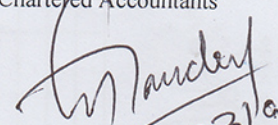

Shangita Awale
Asst. Director
NRNA


Rajesh Rana
Executive Director
NRNA

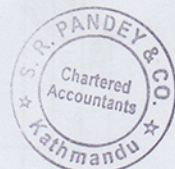

Badri KC
Treasurer
NRNA-ICC


Shesh Ghale
President
NRNA

As per our report of even date
For S.R. Pandey & Co.
Chartered Accountants


CA Sudarshan Raj Pandey
Partner

Date:
Place: Kathmandu



Non-Resident Nepali Association

Kathmandu, Nepal

Schedule-3

STATEMENT OF FIXED ASSETS AS AT 32.3.2071

Particulars	Booked Date	Addition			Closing As at 32/03/2071	Rate	As at 4/7/2070	Depreciation	Written Down Value	
		Opening As at 4/7/2070	Upto Poush	After Poush					Up to 32/03/2071	As at 32/3/2071
Office Equipment (Grant)										
Lap Top Computer - 1		102,265.00	-		102,265.00	10.00%	79,681.48	7,244.00	86,925.48	15,339.52
Ledger Printer		43,975.00	-		43,975.00	10.00%	34,263.85	3,115.00	37,378.85	6,596.15
Desktop Computer-1		57,805.00	-		57,805.00	10.00%	33,478.73	4,095.00	37,573.73	20,231.27
Fax Machine-1		10,200.00	-		10,200.00	10.00%	5,907.50	723.00	6,630.50	3,569.50
								15,177.00		45,736.44
Office Equipment										
Samsung LCD Monitor		8,500.00	-		8,500.00	10.00%	2,372.92	602.00	2,974.92	5,525.08
Desktop Computer		33,000.00	-		33,000.00	10.00%	9,212.50	2,338.00	11,550.50	21,449.50
Heater		3,700.00	-		3,700.00	10.00%	1,032.92	262.00	1,294.92	2,405.08
External Harddrive		7,800.00	-		7,800.00	10.00%	2,177.50	553.00	2,730.50	5,069.50
Gas Heater with Cylindor		7,800.00	-		7,800.00	10.00%	1,787.50	553.00	2,340.50	5,459.50
Invertor (with UPS + Battery)		67,500.00	-		67,500.00	10.00%	15,468.75	4,781.00	20,249.75	47,250.25
Desktop Computer (Assembled)		36,160.00	-		36,160.00	10.00%	8,286.67	2,561.00	10,847.67	25,312.33
Lap Top Computer - 1		54,000.00	-		54,000.00	10.00%	12,375.00	3,825.00	16,200.00	37,800.00
Lap Top Computer - 1		44,500.00	-		44,500.00	10.00%	10,197.92	3,152.00	13,349.92	31,150.08
Telephone Sets-2		16,200.00	-		16,200.00	10.00%	2,902.50	1,148.00	4,050.50	12,149.50
Sony Digital Camera-1		19,000.00	-		19,000.00	10.00%	5,304.17	1,346.00	6,650.17	12,349.83
Desktop Computer (CPU)-1		25,000.00	-		25,000.00	10.00%	6,979.17	1,771.00	8,750.17	16,249.83
LCD Monitor-2		24,200.00	-		24,200.00	10.00%	7,965.83	1,714.00	9,679.83	14,520.17
Other Equipments		31,700.00	-		31,700.00	10.00%	10,434.58	2,245.00	12,679.58	19,020.42
Desktop Computer-1		65,000.00	-		65,000.00	10.00%	44,145.83	4,604.00	48,749.83	16,250.17
Hellogen Heater-1		1,750.00	-		1,750.00	10.00%	1,188.54	124.00	1,312.54	437.46
ADSL		6,500.00	-		6,500.00	10.00%	3,764.58	460.00	4,224.58	2,275.42
Canon Printer		31,200.00	-		31,200.00	10.00%	2,470.00	2,210.00	4,680.00	26,520.00
Fan		3,000.00	-		3,000.00	10.00%	150.00	213.00	363.00	2,637.00
Cycle	24/3/2071	7,000.00	-	6,500.00	13,500.00	10.00%	350.00	6,650.00	7,000.00	6,500.00
Mobile Set	19/12/2070	28,500.00	-	10,000.00	38,500.00	10.00%		2,519.00	2,519.00	35,981.00
Harddisk	17/1/2071		-	6,000.00	6,000.00	10.00%		300.00	300.00	5,700.00
Router	5/3/2071		-	3,800.00	3,800.00	10.00%		190.00	190.00	3,610.00
Office Furnitures										
Office Table		3,500.00	-		3,500.00	10.00%	802.08	248.00	1,050.08	2,449.92
Office Furnitures & Furnishing		518,444.00	-		518,444.00	10.00%	253,376.82	36,723.00	290,099.82	228,344.18
Total Nrs		1,258,199.00	-	26,300.00	1,284,499.00		556,077.34	96,269.00	652,346.34	632,152.66

As per our report of even date

For S.R. Pandey & Co.
Chartered Accountants

CA Sudarshan Raj Pandey
Partner



Shesh Ghale
President, NRNA-ICC
Kathmandu, Nepal

Badri KC
Treasurer, NRNA-ICC

Rajesh Rana
Executive Director, NRNA

Shangita Awale
Asst. Director, NRNA

Date:
Kathmandu.